

27 August 2021

LYNAS RARE EARTHS FULL YEAR 2021 RESULTS

Record profit, increased sales revenue and strong cost control

- Net Profit: **\$157.1m** (FY 2020: (\$19.4m))
- Revenue: **\$489.0m** (FY 2020: \$305.1m), with record sales achieved in the June quarter
- EBIT: **\$169.5m** (FY 2020: (\$6.2m))
- EBITDA: **\$235.3m** (FY 2020: \$59.7m)
- Cost of sales: **(\$302.2m)** (FY 2020: (\$257.3m))
- Closing cash and cash equivalents of **\$680.8m** (FY 2020: \$101.7m), inclusive of **\$100.0m** held in short term deposits
- **Approx. \$425m** equity raising completed to fund Lynas 2025 foundation projects
- **US\$156.5m** total debt facility remaining following conversion of final tranche of convertible bonds to equity in August 2020

Lynas Rare Earths Limited ("Lynas") (ASX: LYC, OTC: LYSDY, LYSCF) today released its Financial Report for the full year ending 30 June 2021.

Lynas Rare Earths CEO and Managing Director, Amanda Lacaze, commented: "This strong result is a testimony to the hard work of our team this financial year. We are pleased to have delivered a record profit for our shareholders. This has been achieved whilst maintaining COVID-19 health and safety protocols for our people and communities, responding to logistics challenges and managing inventory to meet our customers' needs.

"Sales revenue increased to \$489.0m. Strong cost controls were maintained as we benefited from favourable market conditions for Rare Earth materials. During the year, our Balance Sheet was enhanced via an equity raise of \$425m to fund our *Lynas 2025* foundation projects, primarily the Kalgoorlie Rare Earths Processing plant and associated upgrades at the Lynas Malaysia plant.

“Throughout the year, we reached a number of milestones related to our *Lynas 2025* growth strategy which is focused on building capacity to meet forecast demand growth,” Amanda Lacaze added.

Lynas 2025 growth initiative

Progress on the *Lynas 2025* projects continued during the financial year and a number of milestones were achieved, including further exploration of our Mt Weld resource. The establishment of two new exploration drill holes below the current Mt Weld pit floor identified significant and continuous intersections of Rare Earth minerals below the current life of mine and in June 2021, Lynas successfully completed a one kilometre deep exploration drilling at Mt Weld. The results will expand the ore body knowledge of the Mt Weld REE deposit and will assist planning for future resource expansion drilling into the fresh carbonatite.

The Kalgoorlie Rare Earths Processing Facility project achieved a number of milestones during the year including the placement of orders for all long lead time items and 60% of total equipment requirements. In March 2021, the WA Environmental Protection Authority (EPA) approved minor and preliminary works on site. These works established an access road, site office and a pad suitable for the delivery of equipment such as the steel tanks that were fabricated in Perth.

The EPA commenced the four-week public review of the Environmental Review Document for the Kalgoorlie Rare Earth Processing Facility on 9 June 2021 and Lynas established a community Pop-up Information Point in Kalgoorlie during the month of June. This allowed community members to visit the shopfront and discuss plans for the project with Lynas team members.

In line with Lynas 2025 growth plans for downstream processing closer to our customers, planning continues for the proposed U.S. Rare Earths Separation Facility. Lynas signed contracts for two separate funding grants from the U.S. Government during the year, one for Phase 1 work for a U.S. based Heavy Rare Earths (HRE) separation facility and another for the development of a commercial Light Rare Earths separation plant in the United States.

In the June quarter, the USA project team submitted detailed engineering and design work for the Heavy Rare Earths (HRE) facility to the U.S. Government in line with U.S. Department of Defense (DoD) Phase 1 milestones and the DoD is now conducting a merit evaluation of the submission.

As announced on the 23 August, the regulator in Malaysia has extended the deadline for satisfaction of the license condition related to the commencement of construction of the Permanent Disposal Facility (PDF) for WLP to 2 March 2022. This recognises the constraints presented by current COVID-19 conditions. We continue to engage productively with the relevant government and regulatory authorities to progress the approvals for the PDF.

“The effects of the COVID-19 pandemic, especially in Malaysia, continue to present significant operational challenges. As always, the health and safety of our people is our priority. We are pleased that 98% of Lynas Malaysia staff have now received their first vaccination dose and 94% have received their second dose as vaccination is the best protection. However, the prevalence of COVID-19 in the community requires that we continue our extensive testing programme and isolation of staff that have been exposed to positive cases which may, from time to time, affect our production outcomes,” said Amanda Lacaze.

“Pleasingly, the Rare Earths market rebound despite the ongoing pandemic reinforces the importance of this critical material globally. Lynas is focused on serving customer demand and developing sustainable Rare Earths supply chains as we continue to progress our growth plans to meet future demand from high growth industries.”

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